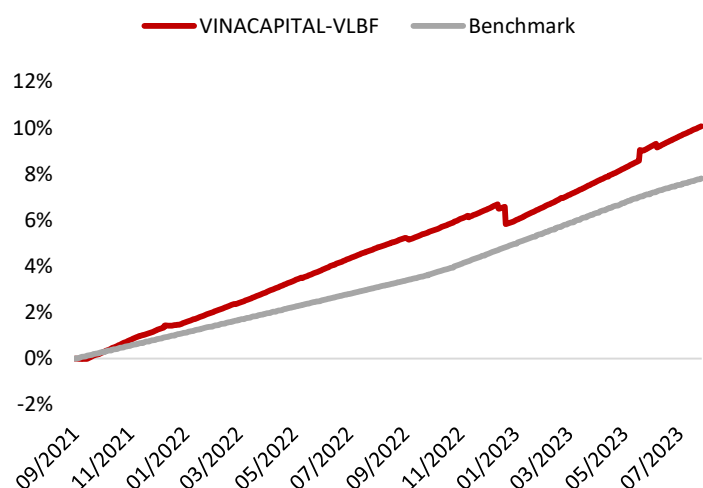


VINACAPITAL-VLBF Investment approach

VINACAPITAL-VLBF mainly invests in short-term fixed income securities and money market instruments to generate very stable returns while maintaining daily liquidity.

VINACAPITAL-VLBF is considered a low-risk fund suitable for investors who are looking for a safe, short and medium term investment with a higher return than short-term bank deposit rates. The target return for the fund is 4.5 – 5.0% per annum.

NAV chart since inception

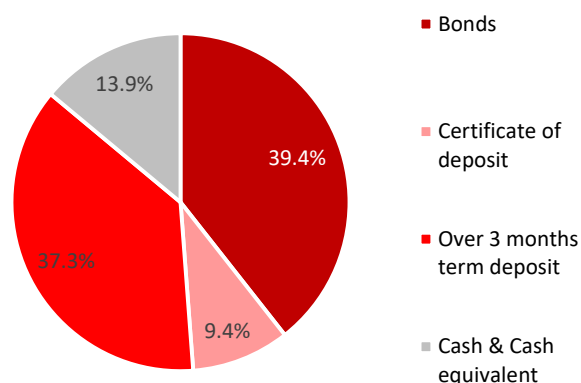


Fund performance

	VINACAPITAL-VLBF	BM
Total AUM (VND billion)	57.1	
NAV/Share	11007.1	
Jul 2023 return (%)	0.5	0.3
YTD 2023 return (%)	4.0	2.9

(NAV is net of management fee and administrative expenses)

Investment allocation



Fund information

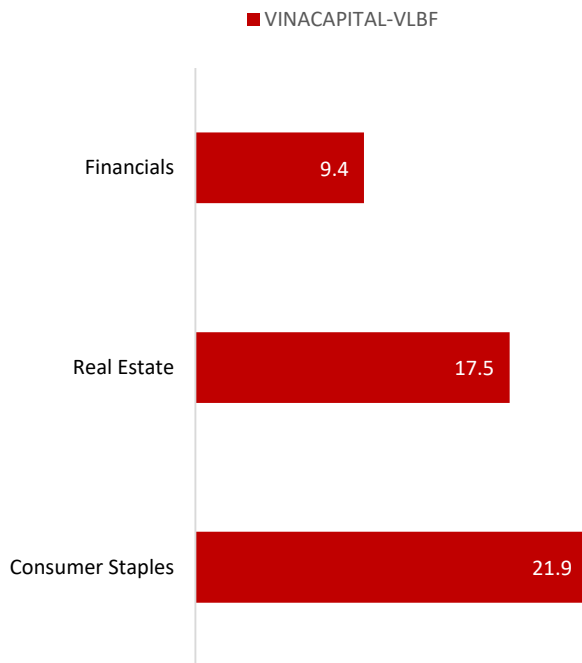
Inception	07/09/2021
Management fee	0.9% per annum
Subscription fee	0.0%
Redemption fee	0.0%
Minimum subscription	0 VND
PIT	<=45 days: 0.1%; >45 days: 0%
Custodian and Supervisory Bank	BIDV
Auditor	PwC Vietnam
Trading frequency	Daily, from Monday to Friday

Benchmark (BM)

Average 3-month VND denominated deposit rate of VietinBank, Agribank, BIDV, and Vietcombank.

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Sector allocation



Top holdings

Issuer	Allocation (%)	Yield-to-maturity (%)	Duration (years)
BAF	18.4	10.4	1.7
TN1	13.9	5.1	1.4
FE CREDIT	9.4	7.0	0.9
VIC	3.6	8.5	0.6
SBT	3.5	10.7	0.5

Comments from Fund Manager

July’s economic data leads us to believe that the worst of the current economic downturn has now probably passed. First, Vietnam’s exports appear to have bottomed out, falling by 10% yoy in 7M23. Imports fell further, by 17%, resulting in a record-high trade surplus of USD16.5b or ~6%/GDP in 7M23. Imports have been dropping at a faster pace than exports all year because FDI companies are running down their inventories of materials instead of ordering new inputs to manufacture products because of weak order books. But the decline in imports has now bottomed out on a sequential, month-on-month basis, which probably signals a rebound in exports later this year.

This is also reflected in manufacturing outputs, with the industrial production index (IIP) contracting by only 0.7% year-on-year in 7M23, a slight improvement compared with a contraction of 1.2% recorded in 6M23. Moreover, the S&P Global manufacturing purchasing managers' index (PMI) bounced from 46.2 in June to a five-month high of 48.9 in July, driven by an improvement in new export orders - which is another reason we believe that exports are poised for a rebound.

Next, a rebound in foreign tourist arrivals, which have reached nearly 70% of pre-COVID levels in 7M23, helped real retail sales (excluding inflation) increase by 9.6% yoy in 7M23 versus only 8.4% yoy growth in 6M23. That said, local household consumption is seen to be somewhat depressed due to concerns about Vietnam’s “frozen” real estate market as well as some other issues, such as the recent layoffs announced by some FDI factories.

Meanwhile, the Government continues to implement several small policy measures to boost growth. These include ramping up infrastructure spending, with disbursements increasing 43% yoy in 7M23. Additionally, the State Bank of Vietnam’s interest rate cuts prompted local commercial banks to lower their deposit and lending rates. The deposit rate for 6-month and 12-month terms dropped up to 60 basis points month-on-month at the end of July, for a year-to-date total decline of up to 300 basis points.

The corporate bond market saw a slight increase in issuances, with a total value of VND25.9 trillion, up 5.6% yoy. The banking sector dominated the market with 53.9% of the issuances, followed by the real estate sector with 21.0%. Bond yields for the banking sector varied from 7.0% to 9.4%, with maturities ranging from 3 to 15 years. In the real estate sector, Capitaland Tower Ltd., a real estate company, issued VND5 trillion worth of convertible bonds at a low yield of 1%, while other developers in the same sector issued VND425 billion worth of bonds at high yields above 12%. There were also six public offerings of bonds totaling VND4.5 trillion, from Nui Phao (VND2.2 trillion), CTG (VND2 trillion), and BAF (VND300 billion).

Important information

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